



RENTAL ASSISTANCE DEMONSTRATION

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U.S. Department of Housing and Urban Development

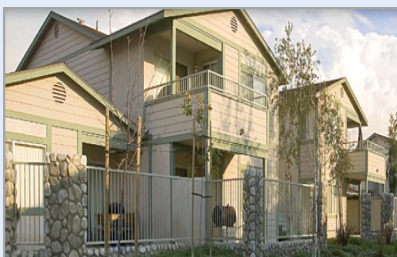
Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."
Secretary Julián Castro

HUD to Expand Rental Assistance Demonstration

As part of the recently passed 2015 appropriations act, Congress expanded RAD in several ways:

- It lifted the cap on the number of units of public housing that could convert under RAD. Previously, HUD was limited to 60,000 units that could convert through this demonstration. However, with the new legislation, HUD will be able to convert 185,000 units through the 1st Component of RAD.
- It extended authority to continue conversions for Rent Supplement, Rental Assistance Payment and Mod Rehab properties under the 2nd Component of RAD. The legislation also authorized the Department to develop a PBRA conversion option for these properties.
- Section 8 Mod Rehab Single Room Occupancy (SRO) properties will now be eligible for RAD.



This increased statutory authority enables the Department to issue awards, known as a Commitment to enter into a Housing Assistance Payment (CHAP), to properties on the waitlist that received contingent approval letters, pending any re-review of their application. This expansion also allows other current applications to participate in the program once they have submitted a completed application and go through the review process. For remaining units available under the 185,000 cap, new projects will have the opportunity to submit applications for the program and participate on a first-come, first-served basis. Once those units are reserved, a waiting list will form for applications received above the cap.

These additional units converting under RAD will be instrumental in preserving our nation's affordable housing stock by addressing the backlog of capital needs, thereby providing low-income families and others in need with long-term stable and quality housing. The Department is currently in the process of updating the "RAD Notice" (PIH Notice 2012-32) to reflect this expansion and to provide other policy and program clarifications. More detailed information about the implications of the HUD 2015 Appropriations Act on the RAD program can be found [here](#).

RAD 1st Component Conversions Top 10,000 Units

In November, the RAD program passed a milestone for the first component of the demonstration by closing its first 10,000 units. Collectively, these units are undertaking \$400 million in construction activity, or about \$40,000 per unit. The RAD team at HUD would like to thank the Housing Authorities, lenders, investors, residents and everyone else that made this possible. Together, we have been able to provide a source of long-term stability that will enable the rehabilitation and preservation of numerous affordable housing units. With RAD, tens of thousands of people will have access to quality affordable housing, and it is to you that we owe much gratitude. Now, onto the next 175,000 units!

Two New Case Studies Released

In its on-going effort to share experiences of PHAs and HUD-assisted properties in converting their assistance under RAD, the Department has developed two new case studies:

- **Southern Nevada**, where the housing authority was able to navigate the RAD process on a tight deadline to successfully reposition a high demand site utilizing a complex mix of financing; and
- **Franklin, VA**, where the housing authority chose to convert to RAD to better manage and preserve their small portfolio.

The above case studies, along with past case studies, are accessible on the RAD website [here](#).

What is RAD?

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st Component transactions, 2nd Component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

The \$1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

As a result of the 2015 appropriations act, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

November Closings Spotlight

Jasper and Mt. Calvary, Jasper, GA

The Housing Authority of the City of Jasper converted two public housing properties—Jasper, consisting of 128 units, and Mt. Calvary, consisting of 24 units—to Project-Based Rental Assistance (PBRA). Since the transaction did not require the use of private debt, the Housing Authority was able to finance both RAD conversions with its own capital and operating funds.

- Closing Date: November 6, 2014
- RAD Average Contract Rents: \$523
- Initial Repairs: \$760,000 (\$5,000/unit)
- Repairs funded over 20 Years: \$1,019,000

“Jasper Housing Authority is a small agency with long range and long lasting goals and vision for our communities and our residents. RAD will help us achieve them and allow us to be a successful steward of our housing resources to better serve the needs of this agency and the citizens of Jasper and Tate, Georgia. Thank you RAD team and thank you HUD.”

— Anne Dobson, Executive Director of the Housing Authority of the City of Jasper



For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!

RAD Stats Through 11/31/14

RAD 1st Component

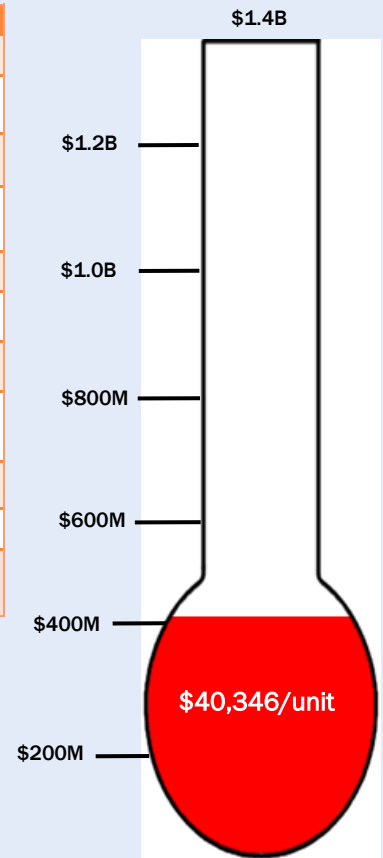
	Units	Projects
Waitlist:		
Active Applications	81,861	691
Multiphase/Portfolio Requests	35,353	270
Total	117,214	961
Awards:		
Active CHAPs	32,059	271
Multiphase/Portfolio Reservations	15,917	34
Closed Conversions	10,224	99
Total	58,200	404
Withdrawn/Revoked CHAP Awards	3,028	32

RAD 2nd Component

	Units	Projects
Active Conversions	14,233	83
Closed Conversions	8,618	75

RADOMETER

Total construction activity leveraged
(closed projects, 1st component)



Apollo Towers, Clay Center, KS

The City of Clay Center Housing Authority converted Apollo Towers, a 51 unit public housing development built in 1971, to Project-Based Vouchers (PBVs). Since Clay Center does not currently operate a PBV program, it is partnering with the neighboring housing authority in the City of Atchison to convert the property to RAD. This unique partnership will enable Clay Center to move Apollo Towers to a more stable funding platform, while allowing a pre-existing PBV program to manage these affordable units in the future.

- Closing Date: November 25, 2014
- RAD Average Contract Rent: \$483
- Initial Repairs: N/A
- Repairs funded over 20 years: \$1,000,000



“After revitalizing Apollo Towers in 2011 with a \$5.6 million Public Housing Mixed Finance Project, the RAD conversion restores our operating revenue, simplifies our operations and opens the door to more available capital to address future capital needs. The added benefit of having another housing agency administer the vouchers frees up some of our time to focus more on marketing, planning, and customer service. We are now free to manage more efficiently by eliminating cumbersome rules and reporting requirements.”

— John Kaul, Executive Director of Clay Center Housing Authority